

# SETP Management Process Assessment for the Government of Jordan

## **The Final Report**

The Ministry of Planning and International Cooperation  
&  
The United States Agency for International Development

July 11, 2004

# SETP Management Process Assessment for the Government of Jordan

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# Acronyms

Central Bank of Jordan	CBJ
Contracting Officer's Technical Representative	COTR
Domestic Development Department	DDD
Department for International Development	DFID
Development Unit	DU
Executive Council	EC
Enhanced Social Productivity Program	ESPP
Fund Transfer Request	FTR
General Budget Department	GBD
Governorate Executive Council	GEC
Government of Jordan	GOJ
Jordanian Dinar	JD
Line Ministry	LM
Ministry of Education	MOE
Ministry of Finance	MOF
Ministry of Interior	MOI
Ministry of Planning and International Cooperation	MOPIC
Management Reporting Plan	MRP
Program Evaluation and Review Technique/Critical Path Method	PERT/CPM
Project Department	PD
Project Impact Evaluation	PIE
Project Monitoring and Project Performance Evaluation	PM & PPE
Project Monitoring Department	PMD
Project Management Institution	PMI
Project Management Professional	PMP
Projects & Programs of Social & Economic Development Plan for Tracking & Evaluation Division	PPSEDPTED
Projects & Programs Tracking & Evaluation Department	PPTED
Regional Information Tracking Division	RITD
Regional Planning Department	RPD
Steering Committee	SC
Social and Economic Transformation Program	SETP
Social and Economic Transformation Program Tracking Division	SETP-TD
Social and Economic Transformation Program Tracking Unit	SETP-TU
Social Productivity Programs Tracking & Evaluation Division	SPPTED

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## Executive Summary

This document incorporates the verbal and written comments from the Steering Committee on our earlier draft Final Report subtitled, “Recommendations and Findings,” submitted on 23 June. It is the culmination of the Grant Thornton Team’s work on the SETP Management Process Assessment study based on careful consideration of all feedback received to date. Throughout the duration of the engagement, the Grant Thornton Team has consistently received the full support and cooperation of personnel at all levels of SETP-TU, MOPIC and USAID, and it appreciates the importance these parties have attached to the engagement.

This modified draft Final Report, Deliverable 4 under the Terms of Reference, is organized around six major categories of recommendations: (1.0) Strengthen SETP Management Procedures; (2.0) Build SETP-TU/MOPIC Organization Infrastructure; (3.0) Train Staff in Project Monitoring; (4.0) Develop Integrated Project Monitoring and Project Performance Evaluation System; (5.0) Develop Program Impact Evaluation Capabilities; and (6.0) Improve GOJ Planning, Implementation and Monitoring Procedures. Each of these categories, in turn, consists of a number of specific recommendations tied to the Team’s analysis of the processes and activities in the SETP project lifecycle that the Team documented in the “As-Is” Documentation Matrix and presented in Deliverable 3, “Report on Findings.”

The Report presents a relatively large number of recommendations because the engagement methodology was based on careful analysis of individual SETP processes and activities. While each stands alone and is important in its own right, the five recommendations below are the most comprehensive and far reaching. The Team believes these recommendations will have the greatest impact on the overall effectiveness and efficiency of SETP operations, and as such, represent the most immediate *urgent* priorities for implementation.

- Elevate the status and authority of SETP-TU/MOPIC to enable it to exercise management responsibility for the Program so that it has sole management authority, responsibility and accountability to exercise control of SETP project implementation, monitoring and reporting. The SETP-TU should have the authority to oversee the SETP budget, enforce timely submission of progress reports, and demand any other SETP-related information from Line Ministries and Governorates.

Even if the SETP-TU/MOPIC is not given the responsibility for administering the SETP budget, the SETP/TU could still exercise the overall management responsibility for SETP operations by implementing the remaining recommendations.

- Build SETP-TU/MOPIC organization infrastructure, develop and implement a comprehensive training plan for SETP-TU, including the following specific actions: (1) clarify and streamline tracking, monitoring and evaluation roles and responsibilities in the new organization structure; (2) separate monitoring and evaluation functions and strengthen the respective Divisions; (3) develop staff recruiting policies and guidelines, increase the number of SETP-TU staff, and delineate their responsibilities; and (4) improve the SETP work environment.
- Develop a comprehensive program management framework focused on “managing project activities for results” and institute a performance management project reporting system that addresses both financial and physical performance using interim performance metrics to monitor and track implementation progress and effectiveness as well as overall project outcomes. SETP-TU should seek intensive short-term, project management and project performance evaluation training from an experienced development-oriented institutional provider, linked with on-the-job assistance to apply the framework to existing and pipeline projects.
- Clarify procedures, criteria and guidelines for identifying SETP projects at the Governorate level by strengthening the Development Units and Line Ministry Directorates, introducing better screening techniques, and by providing “how-to” guidelines on selecting and prioritizing projects.
- Develop and implement a comprehensive Management Reporting Plan (MRP) for SETP operations to provide (1) information for decision making at all levels as well as (2) information for project monitoring to appropriate personnel. The MRP should address all aspects of SETP operations, including planning, budgeting, implementation, monitoring and evaluation. It should identify key stakeholder groups and each group’s particular information needs, and it should prescribe the format, frequency and organizational responsibilities involved in preparing and disseminating each report. The objective is to think strategically about who needs what information when.

The implementation timeline for these recommendations, as well as the others covered in the Report, are illustrated in a Gantt chart in Section D, “Recommendation Priorities and Implementation Action Plan.” While the time horizon only extends two years, each of these recommendations are on-going requirements, essential to further strengthening SETP operations.

Over the last three years since the program was initiated, the SETP-TU has done a commendable job in monitoring, control and follow up on SETP operations with limited staff and a variety of constraints, including no authority to institute corrective measures. To-date, the Program has implemented 173 major projects, consisting of 1,173 sub-projects, in all 12 Governorates, amounting to over US\$430 million in expenditures out of a total appropriated budget of US\$739 million since the Program was initiated in 2002. SETP-TU has successfully coordinated its activities with multiple donors, almost all Line Ministries, Governorates and decision-making bodies at the highest levels of government, notably the Cabinet. Additional findings documenting Program strengths are more fully described in the body of the report. Most important, the financial controls and auditing procedures used in the Program closely adhere to the rigorous and stringent standards established by the Government of Jordan (GOJ). These controls are by all accounts effective in

discouraging any potential anomalies. The success of the Program and its management to date reflect well on the SETP-TU Director and staff, MOPIC, and involved Line Ministries.

## Section A. Introduction

This Final Report incorporates comments of the Steering Committee on our earlier draft Final Report, "Recommendations and Findings" submitted on 23 June, 2004. This Report is based on the work carried out by the Grant Thornton Team in close collaboration with the SETP Tracking Division (SETP-TU)<sup>1</sup> since the engagement was launched in early May through June 23, 2004. Throughout this period, the Grant Thornton Team has consistently received the full support and cooperation of personnel at all levels of SETP-TU and MOPIC, and it appreciates the importance the Ministry has attached to the engagement.

The focus of this Report is on developing specific recommendations for improving SETP operations and procedures. Based on feedback from the various Steering Committee meetings, the Report is organized around recommendations and the findings supporting those recommendations.

The Grant Thornton Team has organized this Final Report around six major categories of recommendations. These categories were defined based on SETP management needs and the specific recommendations formulated in the course of considering each of the findings. The major categories are:

- 1.0 Strengthen SETP Management Procedures
- 2.0 Build SETP-TU/MOPIC Organization Infrastructure
- 3.0 Train Staff in Project Monitoring
- 4.0 Develop Integrated Project Monitoring and Project Performance Evaluation System
- 5.0 Develop Program Impact Evaluation Capabilities
- 6.0 Improve GOJ Planning, Implementation and Monitoring Procedures

These recommendation categories each consist of a number of specific recommendations, supported by the findings reported in Deliverable 3, "Report of Findings". The categories, the specific recommendations included in each category, and the applicable Finding Reference Numbers are listed in Section B, Recommendations Matrix. The following Section C discusses each specific recommendation in detail by presenting an explanation of the Grant Thornton Team's findings and supporting recommendation, then describing what is entailed in acting on the recommendation,

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<sup>1</sup> On 1 June 2004, MOPIC implemented a new organization structure which elevated the SETP-TU to a Division. For the purpose of this report, the Grant Thornton Team has continued to use SETP-TU to refer to the organization unit within MOPIC charged with monitoring SETP operations.



including the time frame for action and any constraints that may affect implementation<sup>2</sup>. Section D examines recommendation priorities and presents an overall action plan for implementing each of the recommendations presented in the report.

Annexes 1 and 2 of this Final Report present a sequential list of our findings and a set of flow charts illustrating the Processes and Activities defined in the “As-Is” Documentation Matrix Report, Deliverable 2. The Process and Activity descriptions characterizing the SETP project life cycle presented are not included in this report. The numbers embedded in the flowcharts correspond to the reference numbers in the Findings Matrix.

The total number of findings, reference numbers and the wording of each are essentially the same as presented in Deliverable 3, “Report of Findings.” In the course of revising the text, careful consideration was given to the verbal and written feedback received from SETP-TU and members of the Steering Committee. Changes resulting from errors in interpretation or omission were quickly adopted by the Grant Thornton Team. Proposed deletions and revisions in the text of the “Modified Report of Findings” received from SETP-TU were discussed in detail by the entire Grant Thornton Team on a case-by-case basis. The final result here reflects the outcome of these discussions, including final deliberation by the Steering Committee on 10 July and the consensus of the Grant Thornton Team. While some may choose to view some of these findings in a negative light, that is not the intent of this report. The overall purpose of the engagement has been to first understand and document SETP processes, then to identify opportunities for improvement and make recommendations to strengthen SETP operations and management. Identifying specific short-comings and areas for further improvement is an essential part of that process, but the outcome should in no way overshadow the Program’s strengths or the dedication and commitment of SETP-TU staff.

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<sup>2</sup> The findings presented in Deliverable 3 no longer appear sequentially because they are now organized around recommendations as opposed to SETP Processes and Activities. The Grant Thornton Team felt it was important to maintain traceability to the initial set of findings.

## Section B. Recommendations Matrix

RECOMMENDATIONS MATRIX		
Recommendation Number	RECOMMENDATION	Finding Number
<b>1.0</b>	<b>Strengthen SETP Management Procedures</b>	
1.1	Elevate the status and authority of SETP-TU/MOPIC to enable it to exercise management responsibility for the Program	1
1.2	Develop and implement a comprehensive Management Reporting Plan for SETP operations	2
1.3	Clarify procedures, criteria and guidelines for identifying SETP projects	4,6
1.4	Streamline project selection and budgeting processes within SETP-TU	7
1.5	Develop systematic analytical protocols in SETP-TU	24
1.6	Develop protocols for documenting SETP-TU site visits	25
1.7	Initiate follow-up action by SETP-TU on exception basis only	26
<b>2.0</b>	<b>Build SETP-TU/MOPIC Organization Infrastructure</b>	
2.1	Clarify and streamline tracking, monitoring and evaluation roles and responsibilities in the new organization structure	34
2.2	Delineate SETP-TU staff responsibilities	35
2.3	Increase number of SETP-TU staff	36
2.4	Separate monitoring and evaluation functions and strengthen the respective Divisions	38
2.5	Develop recruiting policies and guidelines for SETP-TU	39
2.6	Improve SETP-TU work environment	40
<b>3.0</b>	<b>Build Staff Capabilities in Project Management</b>	
3.1	Develop and implement comprehensive training plan for SETP-TU	37
<b>4.0</b>	<b>Develop Integrated PM &amp; PPE system</b>	
4.1	Develop a comprehensive program management framework	3
4.2	Improve project performance indicators	28,29,30
4.3	Discontinue SETP-TU review of Governorate DU reports	17
4.4	Improve quality of LM progress reports	18,19,20,21
4.5	Discontinue LM and Governorate DU report reconciliation by SETP-TU as soon as possible	22
4.6	Increase source data automation, i.e., one-time data entry, using the Program One System	23
<b>5.0</b>	<b>Develop Program Impact Evaluation Capabilities</b>	
5.1	Build common understanding of evaluation concepts and methods	32
5.2	Develop capability to evaluate program impact	33

<b>Recommendation Number</b>	<b>Recommendation</b>	<b>Finding Number</b>
<b>6.0</b>	<b>Improve GOJ Planning, Implementation and Monitoring Procedures</b>	
6.1	Strengthen cost estimating procedures	5
6.2	Reinforce the importance of using the prioritization model for project selection	8
6.3	Improve budget transfer process between LMs	9
6.4	Maintain tracking controls to monitor contributions to multi-donor funded projects	10
6.5	Enforce strict use of contractor Black List	11
6.6	Accelerate project variation order processing	12
6.7	Continue with the strong financial control procedures	13
6.8	Reduce contractor invoice processing time	14
6.9	Substantiate LMs requests for funds from MOF during implementation	15
6.10	Delegate authority to Directorates to follow up projects over JD 100,000	16
6.11	Strengthen Governorate DU monitoring and follow up	27
6.12	Maintain processes for reprogramming of excess project funds	31

## Section C: Recommendations and Findings

This section represents the main body of the report. It is organized around six major categories of recommendations focused on (1.0) Strengthening SETP Management Procedures; (2.0) Building SETP-TU/MOPIC Organization Infrastructure; (3.0) Training Staff in Project Monitoring; (4.0) Developing an Integrated Project Monitoring and Project Performance Evaluation (PM & PPE) System; (5.0) Developing Program Impact Evaluation Capabilities; and (6.0) Improving GOJ Planning, Implementation and Monitoring Procedures. Each of these categories is in turn made up of a number of specific recommendations based on the findings.

The presentation format focuses on individual, specific recommendations. Each is discussed separately by first presenting relevant findings and pertinent background, then describing the recommended action, the time frame for implementation and any constraints. Each specific recommendation is also classified in one of three priority groups: Urgent, Desirable, or Longer Term. *Urgent* is required action to improve SETP operations in the immediate future. *Desirable* is important action necessary to establish a solid foundation for SETP project reporting and monitoring. *Longer Term* is viewed as a secondary priority at this time but nonetheless important in order to achieve overall SETP goals.

### **Recommendation 1.0 Strengthen SETP Management Procedures**

This recommendation category has seven important components, all of which specifically focus on strengthening SETP management procedures. Subsequent categories deal with institution building, training, and developing project monitoring and performance evaluation systems. Each of these categories is specific to SETP-TU/MOPIC and is to varying extents within its control. The last category of recommendations relate to other GOJ organizations involved in SETP operations. Specific recommendations in this latter category are largely beyond SETP-TU/MOPIC control.

#### **Recommendation 1.1 Elevate the status and authority of SETP-TU/MOPIC to enable it to exercise management responsibility for the Program (Urgent)**

**Finding No. 1:** No specific individual or organization is responsible for the overall management of the Program and accountable for overall performance. Instead, the management responsibility for

the Program is distributed among various organizational units involved in the SETP projects. The responsibilities of those units for project identification, planning and budgeting, implementation, monitoring, follow up, and evaluation include the following:

- The SETP-TU Director exercises considerable control during the early stages of project selection as the SETP-TU staff initially screen and prioritize project nominations received from the Line Ministries (LMs). The SETP-TU Director does not have final decision-making authority over which projects will ultimately be included in the Program or how much funding each will be allocated, though he does influence both substantially.
- One of the main objectives of the Program is to alleviate poverty and provide basic services to the people. The Governorates, where the majority of people requiring assistance live, do not have an adequate say on which projects should be funded under SETP in their jurisdiction. The Governorates and the Directorates of the LMs submit a list of projects to the LMs for incorporation in LMs Wish Lists of projects which are in turn submitted to the SETP-TU for funding. MOPIC is presently strengthening the project planning and monitoring capability of the DUs. It has appointed 50 planners, engineers and economists to the DUs to strengthen the planning process at the Governorates. In addition, donors are presently assisting the LMs and the DUs by building capacity in various areas in order to enable them to identify their priorities correctly in accordance with the objectives of the overall National Development Plan 2004-2006.
- After the SETP-TU has selected and submitted its prioritized list of projects to the Cabinet for budget approval, the Cabinet has the authority to include additional projects in the final SETP project listing. This has only happened on one occasion. Two projects were added by the Cabinet over the 173 projects submitted for financing to-date; these projects were approved earlier and listed in the budget under the unsecured funds chapter.
- After project approval, the SETP-TU Director has no direct responsibility for program performance or authority to influence any corrective measures on project implementation. The project funds are administered by the LMs once the Ministry of Finance (MOF) approves the transfer of funds to the account of the respective LMs from the SETP special account. After the LMs receive the funds and implement SETP projects they are not accountable to the SETP-TU Director for their performance.
- In spite of its efforts to secure significant funding for the Program, the SETP-TU does not have authority to enforce project controls. SETP-TU's role during implementation is relegated to coordinating with Governorates and Liaison Officers of implementing LMs to obtain project data for monitoring, checking and follow up. Even in these activities, the SETP-TU has no authority to enforce timely submission of progress reports or demand any other related information from LMs or Governorates. In the case of project monitoring, SETP-TU collects data from secondary sources and sometimes has difficulty obtaining information or getting answers on follow-up action and corrective measures from LM Liaison Officers.
- SETP-TU monitoring, checking and follow up are not strong enough because it relies on data from secondary sources and has no authority to direct the course of a project or ensure that appropriate corrective measures are taken. SETP-TU believes it can address this and similar issues during the on-going reorganization process.

- While overall Program evaluation is an SETP-mandated responsibility, project performance evaluation and impact evaluation after Closeout are LM responsibilities. LMs, however, have not undertaken any evaluations to-date and do not appear to have the capability or resources to do so. SETP-TU has not conducted any evaluations to date, but MOPIC has now established a division within the PPTED to evaluate all national development projects. It has also prepared the Terms of Reference to outsource the mid-term evaluation of SETP.
- The GOJ is moving in the right direction and is planning to establish monitoring and evaluation functions in the LMs.

**Recommendation:** Elevate the status and authority of SETP-TU/MOPIC to enable it to exercise management responsibility for the Program so that the Director's role will be strengthened to exercise more control at various stages in implementation, monitoring and reporting. The SETP-TU should have the authority to oversee the SETP budget, enforce timely submission of progress reports, and demand any other SETP-related information from LMs and Governorates.

The SETP budget for all LMs projects should be allocated to the MOPIC budget instead of directly to the LMs. The MOPIC SETP budget should still be allocated by LM and by project. This has occurred in other GOJ projects and will have the following benefits:

- SETP-TU will control the SETP budget and associated projects of each LM.
- A measure of efficiency will be introduced if MOPIC can manage SETP funds in coordination with GBD/MOF to transfer funds within a LM and/or from one LM to another to meet any deficit demands.

The requests for funds will still be the responsibility of individual LMs, but the transfer request will be made through SETP-TU/MOPIC. SETP-TU may also identify funding requirements of a particular LM and take necessary action. Once approved by MOPIC, a funds transfer will be requested from GBD/MOF, and the funds will be distributed to the appropriate LM account responsible for paying project invoices. Since SETP-TU will be responsible for keeping track of individual LM budgets by project, it will need to engage a budget/finance expert to coordinate these new financial responsibilities with the Financial and Administrative Affairs Department of MOPIC.

- Program effectiveness will be improved by SETP-TU being in a position to withhold funds for specific projects until reports are submitted and desired corrective measures are implemented by LMs. This control can be achieved by the SETP-TU signing off on each fund transfer request from the LM before it is submitted to the MOF.

The LMs will continue to manage and implement the projects and report to SETP-TU/MOPIC. The SETP-TU/MOPIC will continue its monitoring operations and instruct LMs to correct individual project deficiencies as required. This two-way, complementary relationship supports government efforts to decentralize project monitoring and implementation. With regard to project planning, SETP-TU's role is to provide project prioritization guidelines and strengthen the DUs capability to identify projects that reflect local community needs.

**Implementation Action:** MOPIC should make representation to the GOJ to be the sole management authority for SETP projects so that it is authorized to administer the SETP budget. The budget for all SETP projects should be included in the MOPIC budget.

**Timing:** SETP budget allocations for all LMs should be included in the MOPIC budget for 2005.

**Constraints:** GOJ approval is required.

### **Recommendation 1.2 Develop and implement a comprehensive Management Reporting Plan for SETP operations (Urgent)**

**Finding No. 2:** The SETP-TU does not have a comprehensive Management Reporting Plan (MRP) listing the types of reports it will make available on the status of SETP projects. The Grant Thornton Team was told that SETP-TU has made as many as 80 different reports available, but the purpose of each was not adequately explained. More important, the large number of reports indicates that SETP-TU has not fully studied SETP information planning needs. A Management Report Plan addresses this issue; it is a working document describing who needs to receive what information when. It identifies key stakeholder groups and each group's particular information needs, and it prescribes the format, frequency and organization responsibilities involved in preparing and disseminating each report. The objective of the MRP is to facilitate information flow for Program implementation, monitoring, decision making, and follow up and to think strategically about SETP communication activities.

SETP-TU is currently supporting efforts to deploy a software package designed by Capital Programs Inc., called Program One. The software is expected to integrate both the financial and physical information on SETP projects. It will support information dissemination and the preparation of reports described in the MRP, but it is not an MRP in itself. SETP-TU reports that the Program One system will be introduced to selected LMs by the beginning of 2005, but the Grant Thornton Team considers that timeframe very optimistic. Even when the system is fully rolled out, it does not necessarily guarantee that SETP decision makers will get the information they need. As far as the Grant Thornton Team is aware, there has not been any requirements analysis done to assess information and user needs, and current project descriptions do not provide sufficient performance metrics to fully determine the status of implementation.

**Recommendation:** Develop and implement a MRP to provide (1) information for decision making at all levels as well as (2) information for project monitoring to appropriate personnel. The MRP should address all aspects of SETP operations, including planning, budgeting, implementation, monitoring and evaluation. The Plan should provide the following:

- Comprehensive listing of all required reports under the Program, i.e., regular, recurrent, intermittent and one-time reports.
- Information to be provided to specific groups of decision makers and stakeholders.
- Format and data requirements for each report.
- Responsibility for preparation of each report.

- Identification of recipients of each report.
- Report frequency.

**Implementation Action:** SETP/TU should engage a Technical Assistance (TA) provider to develop the Management Reporting Plan. The TA provider should also assist in its implementation.

**Timing:** MRP development should start in October 2004 and is expected to be completed within three months. MRP implementation should start immediately after approval of the Plan.

**Constraints:** None.

### **Recommendation 1.3 Clarify procedures, criteria and guidelines for identifying SETP projects (Urgent)**

**Findings No. 4, 6:** LM Directorate and Governorate DU procedures and criteria for identifying projects are not standardized. The Grant Thornton Team came across two different situations: In one Governorate visited by the Team, for example, the Directorate of the LM just asked the DU for socio-economic data that could be used to identify potential projects for SETP implementation; In another Governorate, projects were identified by the DU and the Directorate separately, then discussed in the Governorate Executive Council (GEC) but without analysis or reference to specific socio-economic data. In both instances, the Directorates then submitted the project lists to the central offices of the LMs. While procedures followed by other Governorates were not reviewed by the Grant Thornton Team, it is possible that socio-economic data are not being used with the same rigor in scoring projects in compliance with the World Bank prioritization summary guidelines sent by SETP-TU to the Governorates.

Even after repeated discussions with SETP-TU, Governorate DUs and LMs staff, it is unclear how many projects originally proposed by the DU for SETP funding were retained by the Directorates in their “Wish Lists” submitted to their LMs and eventually included in the LM “Wish Lists” to SETP or the rationale for their retention and/or elimination.

The SETP-TU uses a screening procedure to develop a short-list of projects received from the LMs. Some projects received by SETP-TU are rejected at this stage because they do not meet SETP criteria. Once the short-list of projects is finalized, the SETP-TU consults with donors to determine which projects they would be willing to support under the program with their available funds.

The projects that the donors are willing to support are prioritized using the World Bank prioritization model to rank order projects based on the expected benefit of the public investment component of the program. The model examines projects based on their impact on the Jordanian standard of living and uses economic, social and capacity implementation indicators to rank projects within each sector as well as among different sectors.



The specific criteria and weightings in the computerized prioritization model are generally well defined, though some screening criteria are flexible and the SETP-TU Director has some discretion in assigning weights based on the specific donor's area of interest. SETP-TU's rationale for their actual project selections is then recorded afterwards, and SETP-TU submits the results to the Cabinet for approval. Both the initial screening of projects for funding and the subsequent prioritization of acceptable projects are major control roles played by the SETP-TU.

The Grant Thornton Team verified that social and economic indicators are developed by the DUs and also reviewed the guidelines and criteria provided to the DUs by SETP-TU. The guidelines are straight from the prioritization model without further refinement. They are explanatory, and as such, the guidelines are inadequate for the DUs to use in identifying potential projects for SETP funding. Even though MOPIC and SETP-TU has held briefings for the Directorates and DUs to clarify the guidelines and criteria for nominating projects, further steps are still required to strengthen project selection at the Governorate level.

MOPIC and the GOJ have started strengthening the DU and LM planning and monitoring processes. MOPIC has appointed 50 planners, engineers and economists to the DUs to strengthen the planning process at the Governorates. Several donors are presently assisting in LM capacity building in various areas. The National Training Institute has also started a nationwide program to strengthen the planning and monitoring capabilities of the LMs.

**Recommendation:** Project selection by the GEC at the Governorate level should be given more attention by implementing better screening techniques. GEC-identified projects could also be combined with more capital intensive projects in the LM "Wish Lists" so that the combined effect could generate compounded effect on benefits.

To further strengthen the project identification and selection process at the Governorate level, the general criteria used in SETP-TU's prioritization model should be explained in more detail. The criteria should be refined, documented and distributed as specific "how to" guidelines so that Governorates and LMs could already take such requirements into consideration when conducting initial identification of potential projects and developing project "Wish Lists".

**Implementation Action:** SETP-TU staff should prepare and distribute a specific "how to" guideline and checklist to determine whether a project is appropriate for SETP funding for use by the LMs and Governorate DUs, then visit the Governorates to conduct a series of one day on-site workshop/seminars to brief the DU staff and LM Directorates and answer their questions. SETP-TU staff should also broaden the assistance offered to Governorates in nominating and selecting projects, for example, by facilitating meetings in which projects are selected for inclusion on the LM "Wish List."

**Timing:** This recommendation will take about one month to prepare and a further two weeks to disseminate. The "how to" guideline and checklist should be prepared during August 2004, then disseminated in writing and accompanied with face-to-face briefings to LMs and Governorate DU staff. Urgency is necessary so that new projects for the 2005 year cycle can be considered by the Governorates and LMs using these tools.

**Constraints:** The major constraint in implementing this recommendation will be SETP-TU Staff availability to prepare the tool and conduct the necessary orientation seminars in the 12 Governorates and relevant LMs involved in SETP implementation.

**Recommendation 1.4 Streamline project selection and budgeting processes within SETP-TU (Desirable)**

**Finding No. 7:** SETP-TU currently uses an iterative process to identify and select projects for funding. By law, any new grants must be submitted to the Cabinet for approval, and the prioritization model must be run every time to identify projects for funding under a grant.

**Recommendation:** SETP-TU should continue current operations. If GOJ could reach early agreement with donors on commitment of funds for SETP projects, the prioritized list could be submitted once to the Cabinet for final approval.

**Implementation Action:** SETP-TU staff should attempt to complete consultation with donors by October each year prior to the start of the budgeting process.

**Timing:** Initiate implementation as feasible.

**Constraints:** All donor funding commitments may not be known at the beginning of the budget cycle. This is not within MOPIC control.

**Recommendation 1.5 Develop systematic analytical protocols in SETP-TU (Desirable)**

**Finding No. 24:** SETP-TU staff analyzes the reported data on a monthly basis. This is a control process in which each staff member uses his/her creative insight to look for variances. Currently no systematic analytical protocol, i.e., manual, checklist or guideline, is available for SETP-TU staff to follow consistently in conducting their analysis. SETP-TU staff, however, has been performing this function for several months now and appears to be both competent and confident in their individual creative ability and insight to detect variances on an *ad hoc* basis without the need for detailed written procedures.

**Recommendation:** To the extent that there is still a need to scrutinize LM reports to identify issues, the Grant Thornton Team recommends that a standard operating procedure be prepared for all SETP-TU analysts to follow. This documentation process will ensure that all current staff fully understands the implications and benefits of the data in the system in order to extract the maximum benefit from it. In addition to standardization, a written procedures manual can serve as an instructional aid for new staff recruitment and in the event of staff turnover.

**Implementation Action:** This recommendation cannot be implemented until newly structured reports are developed. SETP-TU staff should then jointly prepare a detailed “how to” analytical procedures manual.

**Timing:** This will take approximately one month level-of-effort by one individual with part-time collaboration from the rest of the staff.

**Constraints:** The major constraints are (1) the availability of physical performance plans; (2) the ability to modify and/or customize data fields in Microsoft Program One System; and (3) the availability of SETP-TU staff.

**Recommendation 1.6    Develop protocols for documenting SETP-TU site visits  
(Desirable)**

**Finding No. 25:** As part of SETP-TU's monitoring control role, SETP-TU staff conduct site visits to verify the actual progress of projects under implementation and to identify any obstacles obstructing the implementation process. The site visits conducted by the SETP-TU are not consistently documented. While problems may have been documented, it is equally important to share information on lessons learned and project success stories.

**Recommendation:** The Grant Thornton Team recommends that all site visits conducted by SETP-TU staff be adequately documented in special "Site Visit Reports". Reports should be prepared immediately after each visit, summarizing findings, identifying lessons learned and highlighting problems. In addition to electronic files, paper copies of each report should be filed in a separate project folder, together with copies of other reports pertaining to that project. In this manner, a history of the project will be built up and readily accessible for subsequent review and follow up and/or visits.

**Implementation Action:** After a positive decision by the SETP-TU Director, staff should design a format for reporting on the outcome of the site visit. A filing cabinet with a separate folder for each project should be established as the need arises in the future.

**Timing:** Preparation of the report format should take approximately one week level-of-effort by one staff member with part-time collaboration of the SETP-TU Director and other SETP-TU staff members as necessary. It should then be used by the SETP Director and all SETP-TU staff in future field visits.

**Constraints:** None.

**Recommendation 1.7    Initiate follow-up action by SETP-TU on exception basis only  
(Desirable)**

**Finding No. 26:** The data which SETP-TU analyzes and uses to conduct follow-up activities with LM Liaison Officers and DUs come from the LMs and DUs. MOPIC is currently heavily involved in strengthening the capabilities of the DUs in identifying implementation issues and resolving problems locally. While issues detected by SETP-TU should have already been known and corrective action initiated earlier at the LM and DU levels, there is on-going need for SETP-TU to remain involved to ensure that issues are not overlooked and corrective measures are taken.

**Recommendation:** Once the DUs have strengthened their monitoring and follow-up capabilities, SETP-TU should implement an exit strategy and monitor on an “exception” basis only; that is, only when there is a major problem identified in a DU/LM report.

**Implementation Action:** Target date to implement an exit strategy should be December 2006.

**Constraints:** SETP-TU may be unwilling to relinquish oversight monitoring responsibilities.

## Recommendation 2.0 Build SETP-TU Organization Infrastructure

This category of recommendations is primarily focused on the results of the Grant Thornton Team's organization analysis. It has six component parts that address roles within the SETP-TU organization, staff needs and responsibilities, the functions of various MOPIC divisions, recruitment policies and the work environment.<sup>3</sup>

### Recommendation 2.1 Clarify and streamline tracking, monitoring and evaluation roles and responsibilities in the new organization structure (Urgent)

**Finding No. 34:** The updated organization structure outlined in Administrative Resolution No. 1/2004 of 31 May 2004 provides for four Divisions to carry out one or more of the following: tracking, follow up, monitoring, evaluation and impact evaluation of SETP projects. In addition to SETP-TU, three other organizations within MOPIC are involved:

- Regional Information Tracking Division (RITD) under the Domestic Development Department (DDD), formerly the Regional Planning Department (RPD). The RITD is responsible for monitoring small regional projects using monitoring reports from the Development Units (DUs) in the Governorate. Staff in the DUs are augmented by deployed RITD/MOPIC personnel in support of GOJ plans to get the Governorates more involved in planning and monitoring projects in their jurisdiction.
- Social Productivity Programs Tracking & Evaluation Division (SPPTED), formerly the Monitoring and Evaluation Unit reporting to the Steering Committee of the ESPP. The SPPTED directly evaluates ESPP projects and reports to the ESPP Steering Committee which in turn reports directly to the Prime Minister. The SPPTED has only two employees at this time, and they believe their role is still to report to the ESPP Steering Committee. Under a new reorganization plan, the Grant Thornton Team was advised that the SPPTED is also responsible for evaluating all national development projects.
- Projects & Programs of Social & Economic Development Plan Tracking & Evaluation Division (PPSEDPTED), formerly the Projects Monitoring Department (PMD). PPSEDPTED is responsible for monitoring all projects, but with only a small engineering staff, they have focused attention on large non-SETP and non-ESPP capital projects on an *ad hoc* basis. But since December 2003 PPSEDPTED has done no monitoring or evaluation at all because it has been fully consumed drafting the Government's Socio-Economic Plan 2004-2006.

In the recent reorganization, the SPPTED and the PPSEDPTED have been combined with the SETP-TU to form the Projects & Programs Tracking & Evaluation Department (PPTED). In addition, there is a Projects Department charged with collecting project progress reports from LMs and providing monitoring information to PPSEDPTED. When the new operating procedures are

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<sup>3</sup> The finding reference numbers in this and the two following categories of recommendations came from the end of the previous Deliverable, "Report on Findings," because the organization assessment was considered after assessing the process and activities that constitute the SETP project life cycle. The fact that these specific recommendations were moved up in the earlier draft Final Report are an indication of the importance the Grant Thornton Team attaches to these recommendations.)

fully implemented, the Projects Department will be the only organizational unit in MOPIC to have direct contacts with LMs. In the future, therefore, SETP-TU may have even less access than it has now in collecting project monitoring and implementation information unless there is an explicit directive from MOPIC entitling SETP-TU to request information from the LMs. SETP-TU will continue to be fully engaged in planning, budgeting, monitoring, and reporting on SETP projects. SETP-TU also has a mandate for evaluation, but none have been completed to date.

**Recommendation:** Action to implement this recommendation has five components:

- Top priority should be given to defining the functions and responsibilities for all Departments and Divisions identified above.
- SETP-TU should be integrated into the overall tracking and monitoring function of the PPTED. Until this can be accomplished, the SETP-TU should continue to monitor and track SETP projects directly in coordination with the LMs and DUs.
- The RITD should be phased out as soon as the on-going effort to strengthen the DUs at the Governorate is realized. The functions of the RITD should then be integrated into the PPTED while the DDD should continue its regional planning role.
- The monitoring and evaluation functions should be separated, and both the SPPTED and the PPSUEDPTED should be strengthened.
- The working arrangement between the Projects Department (PD) and the concerned Divisions of the PPTED should be clarified so that the PD has an explicit mandate to provide progress reports to PPTED.

**Implementation Action:** Three key actions are required:

- Define functions and responsibilities for each Department and Division identified above.
- Strengthen DUs in planning and monitoring prior to phasing out RITD.
- Develop working arrangements between the Projects Department and PPTED Divisions.

**Timing:** To be completed within twelve (12) months. A private consulting firm has been working on the new organization structure and defining roles and responsibilities for the various divisions within MOPIC. Grant Thornton Team believes a more aggressive time frame is not realistic.

**Constraints:** While MOPIC has approved the reorganization, considerable work remains to be done in clarifying and aligning each Division's roles and responsibilities.

## **Recommendation 2.2 Delineate SETP-TU staff responsibilities (Urgent)**

**Findings No. 35:** The SETP-TU has a Director and eight personnel organized into six matrixed teams in which most staff members are assigned to more than one team. The Public Investment Component of SETP-TU consists of three teams, namely, the Planning and Budgeting Team, Fund Raising Team and Follow-up Team. An additional Support Activities Team supports all components of the Program such as media and public relations, foreign correspondence and general

administration. The Grant Thornton Team's analysis of the responsibilities and staffing has resulted in the following findings:

- No leaders have been assigned to the Public Investment Component Teams. Staff members work across two or even three Teams, mostly at an individual's own initiative, and carry out most of their work in teams. Special assignments may also be made by the Director.
- There is no job description for each individual staff member, and as a result, no clear delineation of individual responsibilities and no established guidelines and performance metrics for evaluating staff performance. SETP-TU has organized itself into teams to accommodate the small number of staff and to promote accountability, but this does not necessarily compensate for the lack of individual job descriptions.
- The roles and responsibilities assigned to each team within the existing SETP-TU organization meet Program requirements.

A private consulting firm has been working on the new organization structure and defining roles and responsibilities for the various divisions within MOPIC, but it is reportedly not developing individual job descriptions.

**Recommendation:** Clearly delineate the roles and responsibilities for each staff member.

**Implementation Action:** Develop complete job descriptions for each staff member, including quantifiable performance objectives to be used in periodic performance appraisals.

**Timing:** To be implemented within three months.

**Constraints:** None.

### **Recommendation 2.3 Increase number of SETP-TU staff (Urgent)**

**Finding No. 36:** Interviews with key staff members and general observations by the Grant Thornton Team indicate that staff members in the Follow-Up Team are overworked. Considering the three members of this Team are also members of at least two other teams outside the Public Investment Component, the overtime worked may be as much as 50 percent higher than regular working hours. Their tracking activities on average cover 173 projects and sub-projects per month. Their monthly responsibilities illustrate the extent of their work load:

- Review and analyze status reports from the Governorates forwarded by the RITD/MOPIC;
- Review and analyze status reports from the LMs;
- Conduct repeated follow-up activities to obtain reports and undertake necessary field visits; and
- Prepare reports for the MOPIC Minister, Cabinet and Donors.

While overtime is occasionally necessary, extended overtime is not a best practice. It is both an inefficient and ineffective use of human resources, and in the long run, it may lead to errors as well as staff “burnout.”

**Recommendation:** Increase the number of staff in the Follow-Up Team under the Public Investment Component. Staff roles and responsibilities will also have to be revisited if and when the recommendations proposed here, (that is, if SETP-TU becomes the single management authority for SETP or a fully integrated monitoring unit), are accepted and adopted.

**Implementation Action:** Recruit and train new staff.

**Timing:** To be implemented within three months based on the current environment in which SETP operates. Staff resource requirements will need to be fully revisited when and if SETP becomes the single management authority for SETP or a fully integrated monitoring unit.

**Constraints:** MOPIC rules and regulations that may govern the number and level of staff recruited.

#### **Recommendation 2.4    Separate monitoring and evaluation functions and strengthen the respective Divisions (Urgent)**

**Findings No. 38:** There are no job descriptions for the two new Divisions in PPTED, the Social Productivity Programs Tracking & Evaluation Division (SPPTED) and the Project and Programs of Social and Economical Development Plan Tracking & Evaluation Division (PPSEDPTED). According to the reorganization announcement and interviews with MOPIC and SETP-TU staff, all three Divisions in PPTED are now jointly responsible for on-going project performance evaluation and program impact evaluation on all projects, including SETP projects. The SPPTED, with only two staff, is responsible for monitoring and evaluation of ESPP projects. The PPSEDPTED, with four staff members, is responsible for monitoring all donor-funded projects. SETP-TU also has a mandate for evaluating SETP projects, but it too has limited staff and capabilities.

Except for limited evaluation of on-going projects carried out by the M&E unit for ESPP, MOPIC has not adequately addressed the organization for either project performance evaluation or program impact evaluation. A consulting firm is now looking at how these evaluation functions should be aligned within PPTED.

**Recommendation:** The Grant Thornton Team recommends that project monitoring, and project performance evaluations and program evaluation functions be carried out by two separate Divisions in PPTED. PPSEDPTED and SETP-TU should be charged with tracking and monitoring all projects, and SPPTED charged with project performance and program impact evaluation. It should be the only Division responsible for evaluation. It should consist of two sections, one responsible for only project performance evaluation and the other for program impact evaluation. While the reorganization is not clear on where ESPP will report in the future, the assumption here is that current ESPP evaluations efforts will be aligned accordingly. The distinction here is between monitoring individual project performance and evaluating the impact of multiple projects in a particular sector or with a particular development objective in mind. In addition, the functions and



responsibilities of the separate divisions and their respective sections have to be reviewed to assess the experience and number of staff required.

**Implementation Action:** PPSEDPTED should recruit additional staff with sufficient training and experience in project monitoring over the next year. At the same, the project performance evaluation section under SPPTED should be established and trained in performance measurement project planning principles. The goal is to strengthen the capacity for project performance evaluation, but it will be years before there are sufficient data and experience to carry out comprehensive evaluation studies.

**Constraints:** Budget considerations, the availability of sufficiently well trained individuals, and project descriptions complete with measurable performance indicators and target benchmarks.

### **Recommendation 2.5    Develop recruiting policies and guidelines for SETP-TU (Desirable)**

**Finding No. 39:** The SETP-TU has no documented recruitment policies and guidelines or position qualification requirements, nor does it get assistance from MOPIC for this function. Recruitment policies are flexible, and the Department Head has the authority as required based on his own judgment, subject to approval by a special committee consisting of the General Secretary and other consultants. At the present time, SETP-TU staff are designated “Researcher” and are placed under a “projects contract” which allows SETP-TU to pay a significantly higher salary than the GOJ Civil Service. While this may attract qualified candidates, it does not necessarily ensure that individuals best suited for the job are selected especially if there are no established job descriptions and qualification requirements.

**Recommendation:** Employee recruitment involves finding and attracting employees who best fit defined organization job requirements. SETP-TU should work with the Human Resources Development Department of MOPIC to develop qualification requirements, complete job descriptions, and salary level guidelines.

**Implementation Action:** Finalize the development of recruitment policies and guidelines, in coordination with Human Resources Development Department and implement a focused recruitment campaign within the next six months.

**Constraints:** None.

### **Recommendation 2.6    Improve SETP-TU work environment (Urgent)**

**Finding No. 40:** The work environment for four senior staff members is inadequate. Senior staff members are confined to a small room without cross ventilation or sufficient space for equipment, reference documentation, filing, and meeting facilities.

**Recommendation:** An appropriate work environment is essential for high productivity and quality. Once suitable employees are hired, they must be provided with an appropriate work environment with proper lighting, adequate ventilation, pleasing color schemes, and the ability to personalize their work area. Without proper attention to facilities, worker productivity and quality will suffer. Little opportunity for privacy and densely packed work areas has a direct effect on employee morale.

**Implementation Action:** Provide adequate office space in the next three months.

**Constraints:** None.

### **Recommendation 3.0 Build Staff Capabilities in Project Management**

This category of recommendations includes one specific recommendation related to training and staff development in general. Here the emphasis is on training in development project management, including all facets of the project life cycle and associated skills, as well as overall career development. The following category addresses specific recommendations on specialized project monitoring and project performance evaluation training.

#### **Recommendation 3.1 Develop and implement comprehensive training plan for SETP-TU (Urgent)**

**Finding No. 37:** Except for experience on the job, SETP-TU staff members have limited, prior hands-on experience in development project planning, budgeting, management, monitoring, evaluation, economic and financial analysis, and project performance and program impact evaluation. The number of years of professional experience ranges from none to only four years. Some staff members are academically well qualified with Master degrees in business administration, management and development economics, but the training provided to date has been limited to basic computer skills and English language training. USAID has started training SETP-TU on project planning and monitoring, and there are reportedly plans to expand that training possibly to include evaluation techniques.

**Recommendation:** A training plan should be developed for each staff member in the immediate future in consultation with MOPIC's Human Resources Development Department. The focus should be on (1) training staff in Jordanian institutions in relevant topics such as financial and economic analysis, budgeting and fund raising; and (2) bringing in experienced, socio-economic development consultants, familiar with international donor organizations, to conduct intensive short-term workshops in development planning, project management, monitoring and evaluation. Training should be tailored to building skills directly linked to individual job descriptions and career paths as opposed to introducing staff to complex methodologies where they may not have sufficient background and academic experience or opportunity to apply the training. The training should follow train-the-trainers methodology so that the content of workshops can be used by other MOPIC departments. It should also enable SETP-TU staff to affiliate with internationally-recognized professional institutions such as the U.S.-based international Project Management Institute (PMI)—of which there is a local Jordanian Chapter—which might ultimately lead to acquiring Project Management Professional (PMP) certification. Only in the long term should SETP-TU staff be considered for in-depth academic career training in development project management and evaluation.

**Implementation Action:** Three important actions are involved: (1) preparing a Training Plan for each staff member within the next three months; (2) identifying practical, on-the-job training opportunities based on individual needs and implementing a corresponding program over the next two years; and (3) considering the suitability of specific individuals for continuing, in-depth formalized education in the course of building individual Career Development Plans. Implementation of this latter action may not be feasible within the next two years.

**Constraints:** Staff time and interest to undergo further training; international donor assistance to support building and implementing a broad-based, comprehensive training plan; and available GOJ funds to support appropriate training.

## **Recommendation 4.0    Develop Integrated PM & PPE System**

The focus of this category of recommendations is on training staff and developing a foundation for project monitoring and project performance evaluation (PM & PPE) in order to improve project monitoring systems. In the Grant Thornton Team's view, the first step is comprehensive training in performance measurement framework methodology, followed by application of these skills to SETP projects. Additional recommendations focus on improving the quality of reporting and streamlining the monitoring and reporting process. Program impact evaluation is explicitly not part of this category of recommendations. It is considered separately in the following Section as a longer term objective.

### **Recommendation 4.1    Develop comprehensive program management framework (Urgent)**

**Finding No. 3:** SETP managerial responsibilities are distributed widely throughout the GOJ. Approaches to project planning, implementation, reporting and monitoring vary depending on the nature of the project, established practices and the organizational culture of different LMs as well as the perspective of each Governorate. SETP-TU is currently attempting to deal with these different management styles on a case-by-case basis without a common, overall framework for Program management.

USAID is in the process of training SETP-TU staff on performance indicators. This is one important step toward standardizing management practices and introducing a common project management system.

**Recommendation:** The program management framework should focus on “managing project activities for results” and emphasize flexibility in planning, assessing and learning. It should be practical, reduce bureaucratic requirements for program implementations, and document overall project outcomes as opposed to outputs. SETP should seek intensive short-term, PM & PPE workshop training for the SETP-TU staff from a competent experienced donor development-oriented institutional provider. This training should be linked with on-the-job assistance by the same provider to help SETP-TU staff implement an integrated performance measurement framework-based project monitoring system.

**Implementation Action:** The recommendation should be implemented in four phases over a three year period.

- Phase I should include intensive orientation and hands-on, in-country training in PM & PPE for as many people as possible. The first offering should be conducted on a half day basis over the course of four weeks so that the consultants can apply and build a training reference manual based on specific SETP projects. The training should be led by at least two consultants and one Jordanian who has already had some exposure to the concepts. The training should cover three essential areas: (1) performance measurement concepts, terminology and techniques for Program/project design, monitoring and evaluation; (2) project scheduling, budgeting and monitoring using basic PERT/CPM and simplified earned

value methods; while at the same time (3) developing an overall Program framework and accompanying manual for SETP project administration.

The workshop should initially target the SETP Director and core members of the SETP-TU, PD and DDD. These participants will manage and replicate the training for others, conduct training-of-trainers within the LMs and Governorates as well as apply the system to specific projects in collaboration with representatives from selected DUs and LM staff in both headquarters and the field. The workshop should be repeated for other staff on a regular basis but at least once a year.

- Phase II should follow the initial workshop with a hands-on, on-the-job application by SETP-TU and other selected participants. A select number should work as a Task Force under the leadership of SETP-TU, with the continued assistance of Phase I consultants (and possibly additional consultants in order to assist multiple GOJ teams simultaneously) and with the participation of appropriate LM staff. The primary objective in this phase will be to develop and retrofit performance measurement and milestone schedules on several SETP projects in different Line Ministries/Governorates. This work should immediately follow training and be completed with two months.
- Phase III should expand performance measurement and milestone schedules for all projects under the SETP. Long term technical assistance should continue to support SETP in this phase. The work will take at least six months to retrofit even a majority of the projects.
- Phase IV should be gradual rollout and application to other projects of the LMs beyond SETP projects. Consultants should be phased out as GOJ personnel acquire both the competence and confidence to work within the LMs and Governorates independently. This work will be on-going for at least two years.

**Constraints:** The critical constraint to implementation is the absorptive capacity of the GOJ to identify, select and hire staff to receive training and implement the new system. The Grant Thornton Team is recommending a fundamental shift in project planning, implementation and monitoring. Implementing this recommendation represents a major cultural change.

#### **Recommendation 4.2 Improve project performance indicators (Urgent)**

**Finding No. 28, 29, 30:** SETP-TU currently prepares individual summary project descriptions. These are presented in a standardized format:

- Overall Sector Objective, i.e., Human Resources Development; Basic Government Services;
- Rural Development & Poverty Alleviation; and Institutional, Regulatory and Policy Reforms
- Total Required Funds for 2004
- Project Number and Title
- Project Description
- Project Objectives
- Project Components

- Total Cost
  - Amount expected to fund this project in 2004
  - Project Budget by Year and Total
  - Allocated US\$ Million
  - Actual Expenditures US\$ Million
- Implementing Agency
- Target Group
- Project Location
- Performance Measurements

In the project descriptions viewed by the Grant Thornton Team, the relationship and contribution of some projects to the higher level Program Sector objective was not clear. For many projects there are no quantitative indicators to link the project with the Program, individual project objectives were either stated in very general open-ended, un-quantified and largely unquantifiable terms or were lower “output” level project deliverables rather than specific results-oriented outcomes to be attained after the project had been completed. There were few measurable performance indicators and no baseline data or targets presented. The so-called “performance indicators” on project descriptions were not indicators but simply summary statements of current activity.

**Recommendation:** The Grant Thornton Team recommends that SETP-TU develop a standardized performance measurement matrix summary for every project in the SETP portfolio with common Sector Purpose outcomes and Program goal impact objectives. This will require developing and retrofitting matrices to existing projects as well as defining interim performance measures to track project performance.

**Timing:** Approximately one year after completion of initial orientation training.

**Implementation Action:** In conjunction with Phase II and III of Recommendation 4.1, SETP-TU and LM staff should begin to develop and retrofit performance measurement frameworks to existing projects.

**Constraints:** Successful completion of training and availability of SETP-TU staff as well as the readiness of LMs to adopt the new performance measurement methodology.

### **Recommendation 4.3    Discontinue SETP-TU review of Governorate DU reports (Desirable)**

**Finding No. 17:** There are at least four different types of project background and status reports available to the SETP-TU from various sources, in addition to the information it collects from site visits:

- Individual project plans obtained directly from all LMs after project approval.

- An annual summary Action Plan and time schedule on all Governorates projects, including SETP projects, prepared by each DU and sent to the MOPIC/RITD.
- A monthly summary follow up report of all projects by the DU, including SETP projects, received through the MOPIC/RITD.
- A monthly summary follow up report of SETP projects by LM Directorates obtained directly from the LM.

With the exception of site visits, virtually all the data in these reports and available to SETP-TU are based on secondary or even tertiary sources. Reports 2 and 3 are data which were already summarized by the DUs after receipt from the LM Directorates and obtained by SETP-TU via MOPIC/RITD. LM reports, item 4, are derived from information first prepared by a LM project manager or private contractor or consultant for projects over JD 100,000. Smaller projects are summarized in reports prepared by the respective LM Directorates, and hard copies are sent by the LM Liaison Officer to SETP-TU.

Variation in the information received from the various sources may occur because the timing and scope of reports may vary depending on the report format provided to the SETP-TU. For example, the LM-summarized report contains data pertaining to actual expenditure while DU reports contain data pertaining to the total amount of invoices sent to the related LM. The SETP-TU analyzes both reports, and if discrepancies are found, verification actions, such as calling the related party or visiting the site, are taken to attempt to solve the problem.

The Microsoft Program One system under development is intended to integrate both the financial and physical information on SETP projects. Once this system is rolled out to LMs, it will provide source data automation, timely on-line information, and different layers of information which can be integrated, analyzed and summarized to provide comprehensive reports to multiple users based on specific user needs.

**Recommendation:** SETP-TU should continue receiving, monitoring and following up on DU reports until the DUs can assume full responsibility for monitoring and follow-up activities. SETP-TU should put on emphasis on building DU capabilities in the short term so that it can develop exit strategy for project monitoring and devote its time and energy to other more pressing regional planning activities.

**Implementation Action:** SETP-TU Director decision.

**Constraints:** Adequate time and resources to build sufficient DU project monitoring and follow-up capabilities.

#### **Recommendation 4.4 Improve quality of LM progress reports (Desirable)**

**Findings No. 18, 19, 20, 21:** DUs and LMs are required to submit monthly follow up reports to SETP-TU concerning project progress. Information obtained by the Grant Thornton Team through site visits revealed that monthly follow-up reports contain insufficient information, making



it difficult for the SETP-TU staff to determine when projects are behind schedule. While the LM project manager or private consultant/contractor is supposed to assess project progress and measure performance, SETP-TU does not request that assessment or receive baseline planning data to monitoring project scheduling and budgeting. Even when available, SETP-TU does not routinely extract and analyze the baseline data. The main control procedures currently instituted by SETP-TU are to (1) compare LM summary action plan data with monthly progress reports, and (2) take follow-up action on apparent discrepancies.

At the present time, only one data item in reports from the DU and LM relates to physical performance and addresses percentage of completion. Unlike financial data, the basis for the physical percentage of completion calculation is not shown. In at least one situation visited by the Grant Thornton Team, the basis for the percentage calculation was not understood by personnel at either the Directorate or the DU. Indeed only the contractor at the job site knew precisely how it was derived. He based it on summations of several estimated percentages of completed work components which were then converted to JDs, and then expressed as a percentage of the planned cost. The fact that it took some time to explain it to the Grant Thornton Team, Directorate staff, DU Head and SETP-TU representatives during a follow-up visit, illustrates the importance of standardizing a project management reporting framework.

Even accepting the reported percentage at face value, there is no indication - explicit or implicit - whether or not this percentage level is satisfactory, that is, whether the project is on, ahead, or behind schedule. Such an assessment could only be inferred by scrutinizing the project plan, which is rarely available to the SETP-TU, to review start and scheduled completion dates for each milestone or activity. Although both summary physical and financial status data are currently provided as percentages, there is no indication how the two should interrelate, i.e. whether the project is ahead of schedule but over budget or behind schedule but within budget, because no incremental target data are provided in the reports to SETP-TU for comparison.

The data contained in both Governorate and LM status reports are almost exclusively financial. While SETP-TU needs some basic financial data to track allocations and expenditures on each project, the data contained in these reports do not answer another key financial monitoring and control question, i.e., whether the rate of spending is proportionate for the actual stage of physical completion as planned and expected for the duration of the project. Time schedules, physical work and expenditures are closely interrelated. For example, if the pace of work should fall behind the planned schedule, financial expenditures can be expected to slow down accordingly. If the pace of physical work is accelerated, however, it is reasonable to expect that related financial expenditures will increase over that originally planned. If the pace of physical work varies from that scheduled, adherence to the original time-phased planned rate of expenditure is an early warning of a potential problem.

USAID training on performance indicators and the Microsoft Program One system will improve project tracking over the long term, but substantial work is still required to build staff capabilities to analyze the data. Some steps are already being taken. MOPIC is currently strengthening the project planning and monitoring capabilities of the DUs. It has appointed 50 planners, engineers and economists to bolster the planning process at the Governorates. The National Training Institute has

also started a nationwide program to strengthen the planning and monitoring capabilities of the LMs.

**Recommendation:** Sufficient ancillary data should be provided by the contractor (or LMs) to the Directorate, DU, and SETP-TU to enable them to understand the basis for physical percentage completion. Basic timeline information on planned activities, milestones and budgets should also be provided to the Directorates, DU and SETP-TU either in time-phased bar chart and/or check-list formats. In addition, a simpler standardized approach should be adopted for LMs to report physical progress to SETP-TU, for example, the percentage of cumulative milestones in the project completed, instead of the current practice of estimating incremental percentages of volumes of work performed over an extended timeline. Prior to submission, information in monthly follow-up reports should be verified by technical people capable of assessing the reasonableness of the information. Projects behind schedule should also be clearly highlighted and the reason for any delay adequately stated.

**Implementation Action:** This recommendation should be implemented in three phases:

- In Phase I, the SETP-TU Director and staff should take an intensive, two-week project management workshop in-country covering the fundamentals of critical path project scheduling, budgeting and monitoring using milestones and earned value analysis. (Note: Care should be exercised in selecting the right trainer for SETP-TU needs. Many pre-packaged orientation programs are too superficial or theoretical for practical application. Others are far too extensive and emphasize hands-on use of MS Project software which, at this stage, is not necessary for SETP-TU staff to understand and apply to SETP project tracking.)
- In Phase II, SETP-TU staff should redesign a reporting format to meet their needs for data collection and analysis. This will take at least another week of combined effort by the staff.
- Phase III will require retrofitting project milestones to a timeline on a case-by-case basis. This will be an extended process requiring a task force of SETP-TU staff with assistance from an appropriate contractor, to consult with each project manager and select appropriate milestones for reporting purposes. While this practice can be required and applied immediately to new projects, it will probably take at least a year to retrofit existing projects in the SETP portfolio. Making the physical action plan at the contractor and DU levels available to SETP-TU would facilitate this process.

**Constraints:** Availability of SETP-TU staff and qualified consultants

#### **Recommendation 4.5    Discontinue LM and Governorate DU report reconciliation by SETP-TU as soon as possible (Desirable)**

**Finding No. 22:** Discrepancies are sometimes discovered between the LM and DU reports, though they both originated from a common source. This is not necessarily surprising because the data were processed and summarized by two or more different entities to meet different needs, often at different times. SETP-TU efforts to reconcile the data are a cumbersome clerical and frequently

futile effort to implement what is, at best, a dubious control. Nonetheless this reconciliation process remains necessary until the DUs strengthen their project monitoring and reporting capabilities.

**Recommendation:** SETP-TU should continue receiving, monitoring and following up on DU reports until the DUs can assume full responsibility for monitoring and follow-up activities. SETP-TU should put emphasis on building DU capabilities in the short term so that it can develop exit strategy for project monitoring and devote its time and energy to other more pressing regional planning activities.

**Constraints:** The SETP-TU Director and staff may be unwilling to abandon existing practices and relinquish this often useful cross check.

#### **Recommendation 4.6    Increase source data automation, i.e., one-time data entry, using Microsoft Program One System (Long Term)**

**Finding No. 23:** Once data are received and accepted by SETP-TU, they are again transcribed for entry into an SETP-TU database. This data reentry process creates opportunities for transcription errors, and efforts to acquire the data, transcribe and double-check them contribute to time delays. Implementation of the Microsoft Program One System will certainly improve the situation and reduce the potential for error, but this is very much a long-term fix.

**Recommendation:** As soon as possible, to the extent feasible, SETP-TU should discontinue data entry and computerize one-time data entry at, or closer to, the original source within the LM so that the information is available to multiple users, including SETP-TU.

**Implementation Action:** Implementation is dependent on full rollout of the Microsoft Program One system to the LMs. This is likely to take the next two years.

**Constraints:** There are several serious constraints, including the following:

- Uncertainty about the extent to which customization of the Microsoft Program One system will be required to accommodate SETP and LM reporting needs for financial, physical implementation and performance monitoring. To date, no comprehensive information requirements and user needs analysis has been undertaken.
- Time and budget requirements for computer hardware procurement and equipment installation in the LMs and Governorates.
- Training SETP, LM & DU staff in using the system.
- Successful implementation and operational rollout. Current estimates on the proposed rollout are very optimistic.

## **Recommendation 5.0    Develop Program Impact Evaluation Capabilities**

The two specific recommendations in this category deal with program impact evaluation. This is a very complicated field of social science, requiring significant investment in developing socio-economic baseline data and individuals with formal training and substantial practical experience. In the Grant Thornton Team's view, program impact evaluation, as it is used here, is a long term objective.

### **Recommendation 5.1    Build common understanding of evaluation concepts and methods (Desirable)**

**Finding No. 32:** Program evaluation provides the opportunity to analyze the relationship among the objectives of multiple projects and their actual effect on socio-economic conditions in specific communities or geographic locations. It is a mechanism for testing hypotheses about cause and effect relationships of socio-economic phenomena that are often not easily measured, and it is a means of formulating national development policies based on empirical evidence. On-going program and project performance evaluation is focused on applying actual experience in order to take corrective measures to improve performance and maximize desired objectives during implementation. Post-program impact assessment is ultimately desirable to assess the collective effect of multiple projects in a program with regard to specific, quantifiable desired results. Post-project impact evaluation is also useful to design follow-on projects or modify other projects already in the pipe-line.

Discussions with personnel at various levels in the LMs and DUs and with MOPIC staff indicate many common misconceptions about the distinctions between project monitoring and evaluation on the one hand, and project performance evaluation and program impact evaluation on the other. While some MOPIC staff personnel have had some exposure and training in evaluation, the Ministry as whole does not have the experience and expertise to carry out its evaluation mandate or support the LMs in this area. While there is a monitoring and evaluation unit in the ESPP, their capability is limited. Both SETP-TU and ESPP are currently seeking outside support and training.

**Recommendation:** The Grant Thornton Team recommends that MOPIC first familiarize SETP-TU and the LMs with the concepts and procedures underlying project performance evaluation (PPE). At the same time, conscientious efforts must be taken to retrofit performance measurement methodology on the existing SETP project portfolio as a means of developing some baseline data. Only after these types of steps are taken can SETP begin to think about program impact evaluation.

**Implementation Action:** As a first step toward promoting a shared, broad-based understanding of evaluation, SETP-TU and MOPIC staff should contract to have a brief, two-week in-country workshop orientation on evaluation concepts, procedures, approaches and techniques used by the international donor development community for project performance and program impact evaluation. Such a workshop, however, should not occur until there is widespread understanding and application of performance measurement methods.

**Constraints:** Readiness and availability of suitability of qualified MOPIC staff.

## **Recommendation 5.2    Develop capability to evaluate program impact (Long Term)**

**Finding No. 33:** The evaluation process is an important element of the project implementation life cycle. This sentiment is widely shared among staff in MOPIC, but only a limited number of staff is prepared to participate in evaluation activities and/or support outside technical assistance. SETP-TU/MOPIC is addressing the situation by taking the following actions, in particular, SETP-TU plans to outsource the mid-term evaluation of SETP. It has already prepared the Terms of Reference, but this will not necessarily build in-house evaluation capabilities even though the TOR requires the selected contractor to provide evaluation training. The new MOPIC organization structure has also established a special Division for evaluation, but there does not appear to be enough sufficiently well trained staff to carry out the mandate.

**Recommendation:** Developing competence in project and program evaluation is a long and complex process that will take years. Considerable mid- and long-term training will be required to strengthen the evaluation capabilities of both MOPIC and the LM staff. In the interim, program impact evaluation efforts should focus on (1) building experience with performance measurement methods; (2) identifying lessons learned from project development experience; (3) improving the project management structure for monitoring and project performance evaluation; and (4) developing baseline socio-economic database for comparative project impact assessments. While these four elements do not constitute program impact evaluation in any sense of the term, they are the necessary building blocks that will allow impact evaluation in the long term.

**Implementation Action:** Select individuals should undergo mid- and long-term, formal training at academic institutions in order to build MOPIC's capacity to conduct program impact evaluation (PIE).

**Timing:** Selection should occur over the next year; but the investment will not be realized for years.

**Constraints:** Availability and suitability of MOPIC staff committed to an evaluation career path.

## **Recommendation 6.0 Improve GOJ Planning, Implementation and Monitoring Procedures**

This final category of recommendations includes several specific recommendations that SETP-TU can only influence. That is, the recommended action may fall outside the complete control of MOPIC, but it is nonetheless important that SETP-TU take action to influence other GOJ organizations to take action in order to improve the overall effectiveness and efficiency of SETP operations.

### **Recommendation 6.1 Strengthen cost estimating procedures (Desirable)**

**Finding No. 5:** Actual expenditures for projects may deviate from cost estimates for a number of reasons, such as the time lag between actual tender release and award. One result is higher prices of commodities, equipment and supplies. In many cases, the Grant Thornton Team was informed that detailed studies are not done prior to the project's inclusion in the Budget. Whenever inaccurate estimates occur, for whatever reason, they usually result in shortages of available funding, and they can cause work interruptions and delays in project implementation.

**Recommendation:** More attention should be given to improving the process of estimating project costs. The Grant Thornton Team recommends that cost estimates be developed before the budgeting process begins, reflecting both prevailing market prices and the potential for inflation. Cost estimates should be developed and verified by technical people with adequate experience which, in turn, may necessitate that the LMs hire technical cost-accounting consultants to supplement their own staff and undertake the cost estimating studies.

**Implementation Action:** The recommendation should be implemented as soon as possible in two phases over a two year period:

- In Phase I, MOPIC should make representation to the Cabinet as soon as possible to change the policy and procedures in LMs, requiring them to prepare detailed cost estimates for all projects prior to inclusion in the annual Budget and submission to the Cabinet for approval. Cabinet approval should be secured by Dec 2004.
- Phase II should focus on implementing the policy, procedures and practices by the LMs during 2005 so that all projects submitted in the 2006 budget cycle are compliant.

**Constraints:** Several constraints may affect implementation.

- The LMs may object to changing policies and procedures.
- Additional funding may be required for the LMs to hire consultants to conduct technical feasibility and cost studies prior to project approval by the Cabinet.
- Qualified local technical consultants may not be readily available to undertake the technical feasibility and cost studies.
- The pace of program implementation may be slowed due to the emphasis on accurate cost estimates, and the number of projects submitted for funding may subsequently decline.

- The Cabinet may not adopt the recommendation.

### **Recommendation 6.2 Reinforce the importance of using the prioritization model for project selection (Desirable)**

**Finding No. 8:** After the SETP-TU has submitted its prioritized list of projects to the Cabinet for approval, the Cabinet has the authority to include additional projects in the final SETP listing. While adding projects is a rare occurrence, it is nonetheless a gap in the program control process and outside SETP-TU managerial control.

**Recommendation:** The Grant Thornton Team recommends that SETP-TU continue to reinforce the importance of using the prioritization model in selecting projects and communicate with all concerned parties the responsibilities of SETP-TU/MOPIC in this process.

**Implementation Action:** To implement this recommendation, SETP-TU/MOPIC should prepare a Memorandum to accompany the prioritized list of projects submitted to the Cabinet, outlining the SETP objectives and addressing the importance of following the prioritization process. The Memorandum should conclude by urging that any further consideration of projects and funding levels be confined to lists from SETP-TU because, in part, they reflect the negotiated agreements between MOPIC and specific donors.

**Timing:** The Memorandum should accompany the first list of projects to be submitted to the Cabinet for approval in October 2004.

**Constraints:** GOJ approval is required.

### **Recommendation 6.3 Improve budget transfer process between LMs (Urgent)**

**Finding No. 9:** Parliament approval is currently required to transfer surplus budgets from one LM to another LM to compensate for a deficit or to increase another project's funding. The result may be a loss in efficiency because LMs may hold a budget surplus for certain projects. Other LMs whose capacity to implement projects is less than desirable may have idle funds which could be used by other LMs without going through a long approval process.

**Recommendation:** To improve overall efficiency, it is recommended that SETP-TU/MOPIC exercises its role as a single manager and coordinates with GBD/MOF to transfer budgets between LMs even in the case that LMs budgets are not included under MOPIC budget. This recommendation is also addressed under Recommendation 1.1 where all LMs budgets are included under MOPIC budget and that budget transfers among LMs would be the responsibility of SETP-TU/MOPIC. However, in the event Recommendation 1.1 is not fully implemented, this recommendation should still be considered.

**Implementation Action:** MOPIC should prepare the necessary documents requesting the GOJ to make SETP-TU/MOPIC the lead organization charged with administering the SETP budget.

**Timing:** SETP-TU/MOPIC should secure GOJ approval by September 2004 so that SETP budget allocations for all LMs could be included in MOPIC budget for 2005.

**Constraints:** GOJ approval, and possible objections by the LMs.

#### **Recommendation 6.4 Maintain tracking controls to monitor contributions to multi-donor funded projects (Desirable)**

**Finding No. 10:** Several projects were observed to have more than one source of funding, but further investigation by the Grant Thornton Team revealed that both the current reporting system from the LMs and the new Microsoft Program One system adequately track the allocation and disbursement of funds from each donor.

**Recommendation:** No new action required.

#### **Recommendation 6.5 Enforce strict use of contractor Black List (Desirable)**

**Finding No. 11:** GOJ's regulations require that Tendering Committees at LMs establish and strictly enforce a "black list" of contractors identifying those with bad performance or with financial problems. The tendering and awarding of construction contracts is conducted in accordance with this and other applicable By-Laws and Regulations, though not all LMs maintain or even have an up-to-date black lists. The Grant Thornton Team was told on several occasions by different parties involved in monitoring project implementation that delays in project implementation are often attributable to less than desirable performance by various contractors handling SETP projects. It was alleged that some contractors who were awarded SETP projects lacked financial capacity to implement those projects even though the LMs had had poor experience working with the contractors.

**Recommendation:** The prequalification of the Contractors in accordance with the GOJ guidelines and rules should be strictly implemented, and Contractors with a bad performance record should not be awarded new contracts. Contractors should be pre-selected on an Approved List, and contracts should only be awarded to fully responsible and responsive bidders, not simply the lowest bidder. "Responsible" means that the contractor has both the technical and financial capability, i.e., personnel, equipment, experience, etc., to implement the project if successful in winning the bid. "Responsive" means that the contractor has proposed to undertake all aspects of the contract, either directly or through a sub-contractor.

**Implementation Action:** The Tendering Committee at the LM should immediately start using the black list. If there is none, the LM must comply by February 2005. SETP-TU should follow up to ensure full compliance.



**Constraints:** None.

### **Recommendation 6.6 Accelerate project variation order processing (Desirable)**

**Finding No. 12:** The approval of “variation” orders pertaining to projects under implementation is governed by special By-Laws and Regulations of the GOJ. The Grant Thornton Team did not look at processing procedures in detail but was told that in some cases it takes two to three months to process variation orders.

**Recommendation:** In order to expedite project implementation, contract variation orders should be processed and approved by LMs in a timely manner so that projects are not interrupted. It is recommended that the variation order be put on a special “watch list” for follow up by SETP-TU.

**Implementation Action:** SETP-TU should initiate the process of improving the process at the LMs. LMs should improve the process within six months, and SETP should monitor LM performance in building the watch list.

**Constraints:** This is an LM responsibility to implement and is not currently relevant to SETP-TU. This recommendation will only become valid if SETP becomes the sole management agent for the program.

### **Recommendation 6.7 Continue with the strong financial control procedures (Desirable)**

**Finding No. 13:** The financial controls and auditing procedures used in SETP projects are more than adequate inasmuch as they follow the rigorous and stringent requirements of the GOJ. For payments of SETP vouchers, three levels of verification and audit are involved:

- The Technical Department, Accounting Department and Internal Auditor of the LM, verifies (1) the quantity of work done and the invoice amount by Technical Department; (2) the invoice and work done and preparation of the payment voucher and supporting documents by the Accounting Department; and (3) payment voucher by the LM’s Internal Audit Department.
- The Financial Controller of the Ministry of Finance assigned at the LM, verifies and validates the quantity of work and prices applied, and it ensures that all are as prescribed in the award letter.
- The Audit Bureau of the Government of Jordan conducts post-audit review of payments made by the LM on a sample basis.

**Recommendation:** LMs, Financial Controllers and Internal Auditors should continue implementing the strong financial control procedures.

**Constraints:** None

**Recommendation 6.8 Reduce contractor invoice processing time (Desirable)**

**Finding No. 14:** Contractor invoices undergo rigorous auditing procedures before payment. The Grant Thornton Team, however, noted during its review and discussions that processing contractor invoices may take more than a month at the LM level. Delays may also occur from failures to meet GOJ regulations and submitting invoices at the end of the fiscal year. For many contractors in Jordan who operate with only minimal financing, the lack of cash flow could result in a contractor not being able to follow the implementation schedule due to a shortage of funds due to delay in payments.

**Recommendation:** Contractors invoices should be processed promptly in order to minimize disruption of work and delays in project implementation. To increase efficiency, procedures should be simplified at the LM level to reduce processing time for contractor invoices without affecting the overall financial controls. If the reason for the delay in payment is due to lack of funds, it is incumbent on the LM to determine one month in advance the funds required to pay all contractors invoices and request those funds from the MOF on a timely basis.

**Implementation Action:** The LMs should simplify procedures for invoice processing within six months, and SETP-TU should monitor compliance.

**Constraints:** This is an LM responsibility, outside of SETP-TU control.

**Recommendation 6.9 Substantiate LM requests for funds from MOF during implementation (Urgent)**

**Findings No. 15:** The Grant Thornton Team has observed that the GBD/MOF often receives fund transfer requests from LMs in excess of their needs for the following month for a specific project line item. One result is surplus funds accumulating in the LM's account for the project which may, in turn, contribute to inefficient management of SETP funds.

**Recommendation:** The fund transfer request should always be accompanied by another existing report called the "Summary of SETP Project Expenditure Form" every time a request for transfer is made by the LM. This form should be verified and signed by the Financial Controller, MOF's representative in the LM. This will give the GBD and the MOF's Cash Management Department the basis for approving the amount requested. The expenditure form provides, by project, the following: allocated funds, year to date (YTD) funds requested; YTD funds received; YTD expenditures; available funds; and balance of allocated funds.

**Implementation Action:** SETP-TU should prepare a Memorandum to LMs, MOF and GBD to initiate the process that every fund transfer must be accompanied by a SETP-TU Project Expenditure Form properly signed by the MOF Financial Controller. The Memorandum should be prepared within three months for distribution to the three agencies involved.

**Constraints:** None.

### **Recommendation 6.10 Delegate authority to Directorates to follow up projects over JD 100,000 (Desirable)**

**Finding No. 16:** Follow up on the status of projects is a major control task carried out by the LM Directorates at the Governorate level. The Grant Thornton Team's discussions with Directorate staff revealed that follow up was not done consistently because of unclear responsibility guidelines and a lack of authority. In some instances, Directorates only report information to the DUs on specific projects which are their direct authority and responsibility, that is, projects funded at less than JD 100,000. These reports in turn form the basis of the DU report to the RITD/MOPIC.

Although Directorates may sometimes provide the DU with information from supervising consultants about projects of more than JD 100,000, this is not in their authority or part of their responsibility. Although the Directorates are capable of monitoring projects of this size, they are reluctant to initiate follow up action on such projects since responsibility rests with the LM Central Office, even though the Central Office expects its Directorate to conduct follow-up activities. The prevailing Directorate position is that they should not intervene, even though they may be more fully informed than the central office because the project is their geographic area and they have easy access to the project site. The point is that DU requests to Directorates for information on projects exceeding JD 100,000 put the Directorates in conflict with their Central Offices.

**Recommendation:** In order to improve the follow-up control process conducted at the Governorate level, the Grant Thornton Team recommends the LMs delegate authority to their Directorates to follow up on projects over JD 100,000 within the Governorate, not just those within their immediate level of responsibility. Best practice specifies four key elements in project management: (1) the chain-of-command for project management, monitoring and follow up should be clearly defined; (2) information flow should be adequate to keep all levels in the hierarchy informed; (3) responsibility should be delegated to the lowest level possible; and (4) authority should accompany responsibility.

**Implementation Action:** This will take approximately one week to draft, but an indefinite amount of time to carry out. SETP-TU action should nonetheless be initiated immediately. The SETP-TU Director should prepare a draft background situation paper and directive for the MOPIC Minister to send to the Prime Minister requesting him to send a directive to the Line Ministries to the effect that follow up on projects is a LM responsibility, and that they should issue formal delegations of authority to their Directorates to conduct regular follow up on all projects within their geographic area, regardless of size or source of funding.

#### **Constraints:**

- The Cabinet may not be persuaded that a change in procedures and delegation of authority is warranted.
- The LMs may object to changing established policy, procedures and responsibility delegations, and re-delegating such authority to the field without commensurate responsibilities.

- The LM Directorates may not have the capacity, time or technical know-how, to undertake additional duties to conduct follow up on larger projects, even given the authority to do so, due to their current responsibilities.

#### **Recommendation 6.11 Strengthen Governorate DU monitoring and follow up (Desirable)**

**Finding No. 27:** SETP-TU staff frequently identifies errors and issues that were overlooked by the DUs, and to a lesser extent, by the LMs. These include errors in tabulation, anomalies in the data, and inconsistencies from one month report to the next. There was also a lack of awareness on the part of the DUs in two situations visited by the Grant Thornton Team of variances in actual project physical implementation status as compared to what it should have been under the plan. While MOPIC and the GOJ have started the processes for strengthening the planning and monitoring processes at the DUs and LMs, further work is required.

**Recommendation:** The Grant Thornton Team recommends that SETP-TU staff supplement the training being provided to the DUs and LMs, by conducting a series of short one, or two-day workshops at each Governorate to provide specific training in how to analyze reports and identify follow up issues.

**Implementation Action:** This could be initiated immediately as a stop-gap measure based on the reporting formats currently required by SETP-TU.

**Timing:** The level of effort for implementation is less than one month, but implementation will be more effective when a new reporting system is designed and SETP-TU has documented its own protocols for analysis.

**Constraints:** The SETP-TU Director's commitment to following the recommended course of action, and the availability of SETP-TU staff to follow up accordingly.

#### **Recommendation 6.12 Maintain processes for reprogramming of excess project funds (Desirable)**
















**Finding No. 31:** The MOF reverts excess funds from project savings to general SETP funds if there is no request from the specific LM to transfer funds to one of its other on-going projects. If the savings are to be used in a new project within the same LM, the SETP-TU coordinates with GDB/MOF and the Cabinet to secure approval for the funds transfer. If SETP-TU determines that the savings should be allocated to another LM, the fund reallocation has to be approved by the Parliament through the regular budgeting process after consulting with donors.

**Recommendation:** Continue the current practice for reprogramming excess funds.

## Section D: Recommendation Priorities and Implementation Action Plan











This Section summarizes the recommended actions discussed in the previous Section in a simple bar chart entitled, “Recommendation Priorities and Implementation Action Plan.” The objective is to illustrate the timing, duration and interdependencies of recommendations. The chart also shows the priority attached to each recommendation. *Urgent* is required, necessary action to improve SETP operations in the immediate future. *Desirable* is important action necessary to establish a solid foundation for SETP project reporting and monitoring. *Longer Term* is viewed as a secondary priority at this time but nonetheless important in order to achieve overall SETP goals.

## Recommendation Priorities and Implementation Action Plan

			2004	2005				2006			
	Recommendation	Priority	Sep. - Dec.	Jan. - Mar.	Apr. - Jun.	Jul. - Sep.	Oct. - Dec.	Jan. - Mar.	Apr. - Jun.	Jul. Sep.	Oct. - Dec.
.0	<b>Strengthen SETP Management Procedures</b>										
.1	Elevate the status and authority of SETP-TU/MOPIC to enable it to exercise management responsibility for SETP <ul style="list-style-type: none"> <li>• MOPIC to obtain approval to be the organization responsible for SETP</li> <li>• Administer SETP budget</li> </ul>	Urgent	 								
.2	Develop and implement a comprehensive Management Reporting Plan (MRP) for SETP operations <ul style="list-style-type: none"> <li>• Develop the MRP</li> <li>• Implement the MRP</li> </ul>	Urgent	 								
.3	Clarify procedures, criteria and guidelines for identifying SETP projects <ul style="list-style-type: none"> <li>• Develop procedures, guidelines and criteria for selecting the projects at the DU/ Governorates &amp; LMs</li> <li>• Disseminate in writing and build capacity at DU/Governorates &amp; LMs</li> </ul>	Urgent	 								
.4	Streamline project selection and budgeting processes within SETP-TU <ul style="list-style-type: none"> <li>• Complete consultations with donor</li> <li>• Develop a comprehensive list of projects</li> </ul>	Desirable	 				 				 
.5	Develop systematic analytical protocols in SETP-TU <ul style="list-style-type: none"> <li>• Develop and implement analytical protocol</li> </ul>	Desirable									
.6	Develop protocols for documenting SETP-TU site visits <ul style="list-style-type: none"> <li>• Develop and implement protocols for documenting site visits</li> </ul>	Desirable									
.7	Initiate follow-up action by SETP-TU on exception basis only <ul style="list-style-type: none"> <li>• Build monitoring capacity at implementing LMs</li> </ul>	Desirable									

➡ Long-term effect (or repeated every year)

## Recommendation Priorities and Implementation Action Plan










			2004	2005				2006			
	Recommendations	Priority	Sep. - Dec.	Jan. - Mar.	Apr. - Jun.	Jul. - Sep.	Oct. - Dec.	Jan. - Mar.	Apr. - Jun.	Jul. Sep.	Oct. - Dec.
.0	<b>Build SETP-TU/MOPIC Organization Infrastructure</b>										
.1	Clarify and streamline tracking, monitoring and evaluation roles and responsibilities in the new organization structure <ul style="list-style-type: none"> <li>• Develop functions and responsibilities</li> <li>• Strengthen DUs in planning and monitoring</li> <li>• Develop working arrangement between Projects Department and Division</li> </ul>	Urgent									
.2	Delineate SETP-TU staff responsibilities <ul style="list-style-type: none"> <li>• Develop complete job description for each staff</li> </ul>	Urgent									
.3	Increase number of SETP-TU staff <ul style="list-style-type: none"> <li>• Recruit sufficiently experienced staff</li> </ul>	Urgent									
.4	Separate monitoring and evaluation functions and strengthen the respective Divisions <ul style="list-style-type: none"> <li>• Establish staff and strengthen the second section under SPPTED</li> <li>• Strengthen PPSEDPTED</li> </ul>	Urgent	 								
.5	Develop recruiting policies and guidelines for SETP-TU <ul style="list-style-type: none"> <li>• Develop and document recruitment policies and guidelines</li> </ul>	Desirable									
.6	Improve SETP-TU work environment <ul style="list-style-type: none"> <li>• Provide adequate office space</li> </ul>	Urgent									
.0	<b>Build Staff Capabilities in Project Management</b>										
.1	Develop and implement comprehensive training plan for SETP-TU <ul style="list-style-type: none"> <li>• Develop training plan for each staff member</li> <li>• Provide practical orientation and training</li> <li>• Provide in-depth broadening training</li> </ul>	Urgent	  								

## Recommendation Priorities and Implementation Action Plan




			2004	2005				2006			
	Recommendations	Priority	Sep. - Dec.	Jan. - Mar.	Apr. - Jun.	Jul. - Sep.	Oct. - Dec.	Jan. - Mar.	Apr. - Jun.	Jul. Sep.	Oct. - Dec
1.0	<b>Develop Integrated PM &amp; PPE system</b>										
1.1	Develop a comprehensive program management framework <ul style="list-style-type: none"> <li>Phase 1: Conduct intensive workshop in PPDM</li> <li>Phase 2: Provide hands-on and on-the-job training</li> <li>Phase 3: Provide TA to complete performance measurement schedules</li> <li>Phase 4: Rollout to other LMs</li> </ul>	Urgent									
1.2	Improve project performance indicators <ul style="list-style-type: none"> <li>Define performance indicators</li> <li>Develop performance matrices for existing projects</li> </ul>	Urgent									
1.3	Discontinue SETP-TU review of Governorate DU reports	Desirable									
1.4	Improve quality of LM progress reports <ul style="list-style-type: none"> <li>Implement intensive project management workshop for SETP-TU Director and staff</li> <li>Develop reporting format for data collection/analysis</li> <li>Engage TA provider to timeline for all project milestones.</li> </ul>	Desirable									
1.5	Discontinue LM and Governorate DU report reconciliation by SETP-TU as soon as possible	Desirable									
1.6	Increase source data automation, i.e., one time data entry, using the Program One System <ul style="list-style-type: none"> <li>SETP-TU discontinue data entry</li> <li>Computerize data entry at original source</li> </ul>	Long term									



## Recommendation Priorities and Implementation Action Plan

			2004	2005				2006			
	Recommendations	Priority	Sep. - Dec.	Jan. - Mar.	Apr. - Jun.	Jul. - Sep.	Oct. - Dec.	Jan. - Mar.	Apr. - Jun.	Jul. Sep.	Oct. - Dec.
<b>5.0</b>	<b>Develop Program Impact Evaluation Capabilities</b>										
5.1	Build common understanding of evaluation concepts and methods • Carryout a brief in-country workshop/op orientation on evaluation for SETP-TU and MOPIC staff.	Desirable									
5.2	Develop capability to evaluate program impact • Conduct mid and long term training on program impact evaluation for SETP-TU and other LMs	Long term									
<b>3.0</b>	<b>Improve GOJ Planning, Implementation and Monitoring Procedures</b>										
3.1	Strengthen cost estimating procedures • Initiate by (by MOPIC) in Cabinet to require LMs to prepare detailed cost estimates prior to inclusion in annual budget • Implement (by LMs), policies and practices and include detailed cost in 2006 budget	Desirable									
3.2	Reinforce the importance of using the prioritization model for project selection • Approve (by SETP-TU Director) of all SETP projects	Desirable									
3.3	Improve budget transfer process between LMs • Appoint SETP-TU/MOPIC as a single manager to SETP	Urgent									
3.4	Maintain tracking controls to monitor contributions to multi-donor funded projects • No new action necessary	Desirable									
3.5	Enforce strict use of contractor Black List • Enforce use of Black List in LMs where available • Complete preparation of Black List by LMs where not available	Desirable	 								
3.6	Accelerate project variation order processing • Expedite (by LMs) variation order processing	Desirable									

## Recommendation Priorities and Implementation Action Plan

			2004	2005				2006			
	Recommendations	Priority	Sep. - Dec.	Jan. - Mar.	Apr. - Jun.	Jul. - Sep.	Oct. - Dec.	Jan. - Mar.	Apr. - Jun.	Jul. Sep.	Oct. - Dec.
6.7	Continue with strong financial control procedures	Desirable									
6.8	Reduce contractor invoice processing time • Simplify procedures for invoice processing at LMs	Desirable									
6.9	Substantiate LMs requests for funds from MOF during implementation • LMs to attach a financial position report signed by the MOF Financial Controller every time fund transfer request is made.	Urgent									
6.10	Delegate authority to Directorates to follow up projects over JD 100,000 • Delegate authority • Implement (by Directorates)	Desirable									

## Annex 1: Findings Matrix

FINDINGS MATRIX		
Finding Number	Process Reference	FINDING
1	Overall	Instead of one organization responsible for SETP management, the management responsibility is distributed among various organizational units involved in the Program.
2	Overall	SETP lacks a documented comprehensive Management Reporting Plan (MRP) for Program operations. .
3	Overall	The SETP lacks a comprehensive program management framework that integrates planning, implementation, reporting, monitoring, and performance evaluation.
4	1.1, 1.2	Guidelines distributed to Governorates and LMs by SETP-TU do not provide sufficient guidance for project selection and prioritization.
5	2.2, 5.0	In some cases, inadequate cost estimating practices have led to project delays.
6	2.2, 2.3, 2.8	Projects submitted by Governorates and LMs do not comply with the prioritization guidelines.
7	2.3 to 2.9	SETP-TU uses the prioritization model to select projects every time there is donor grant funding.
8	2.5, 2.9	Almost all SETP projects approved by Cabinet were pre-selected using the prioritization model.
9	3.2	The overall SETP budget transfer process between LMs is not effective.
10	3.4	Funds are not co-mingled where SETP projects have more than one source of funding.
11	4.1	The contractor Black List is not used effectively.
12	4.4	Variation Order approvals by LMs are sometimes very slow.
13	4.5 to 4.7	GOJ financial controls and auditing procedures are strong.
14	4.6, 4.7	The processing of contractors invoices is sometimes slow.
15	4.8	LM requests to the MOF for funds are sometimes unsubstantiated.
16	5.1, 5.2, 5.3	The responsibility of LM Directorates for monitoring projects over JD100,000 is not clear.
17	5.3, 5.6	Virtually all data provided to SETP-TU are from secondary or tertiary source.
18	5.3, 5.6	Progress reports received from LMs and DUs lack useful performance measurement information.
19	5.6	The basis for physical percentage completion is not provided in the reports.
20	5.6	There is no indication whether the reported physical percentage completion is satisfactory.
21	5.6	There is no indication whether the reported rate of spending is proportionate to the stage of physical completion.

<b>Finding Number</b>	<b>Process Reference</b>	<b>FINDING</b>
22	5.7	SETP-TU data reconciliation is unnecessary.
23	5.8	SETP-TU data transcription provides opportunity for error.
24	5.9	SETP-TU has no systematic, documented analytical protocol.
25	5.12	SETP-TU site visits are not always properly documented.
26	5.12	SETP-TU follow up is based on redundant and untimely information but often identifies implementation issues because the Line Ministry and Governorate process is not effective.
27	5.12	Governorate DUs are not screening or analyzing their reports carefully or following up effectively.
28	6.0	The SETP Project Descriptions Form does not address the rationale for including a project under a particular SETP objective.
29	6.0	Most objectives specified in SETP project descriptions do not have quantified performance indicators.
30	6.0	Project summary reports intended to document project outputs lack measurable performance indicators, baseline data or targets.
31	7.0	The GOJ has adequate and transparent processes for reprogramming of excess project funds.
32	8.0	There is no common agreement on evaluation concepts and methodologies in MOPIC and among the LMs contacted.
33	8.0	SETP-TU has no current capability to establish and implement a systematic Program evaluation framework and/or provide mentoring to LMs.
34	Orgn, Resp & Capabilities	Four separate Divisions within MOPIC are responsible for monitoring and/or evaluating projects.
35	ORC	The delineation of responsibilities within SETP-TU is unclear.
36	ORC	The SETP-TU is understaffed.
37	ORC	The SETP-TU staff is academically qualified, but some lack training and experience in project planning, management, monitoring and evaluation.
38	ORC	Organization roles and responsibilities and resource needs in the monitoring and evaluation divisions of the PPTED need clarification.
39	ORC	The SETP has no recruitment policies and guidelines based on qualification and experience requirements.
40	ORC	The SETP-TU work environment is inadequate.

## Annex 2: Process Flow Charts